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# What's New and Other Important Information for 2007

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## Differences between California and Federal Law

In general, California law conforms to the Internal Revenue Code (IRC) as of January 2005. However, there are continuing differences between California and federal law. When California conforms to federal tax law changes, we do not always adopt all of the changes made at the federal level. For more information, go to our Website at [www.ftb.ca.gov](http://www.ftb.ca.gov) and search for **conformity**. Additional information can be found in FTB Pub. 1001, Supplemental Guidelines to California Adjustments, the instructions for California Schedule CA (540 or 540NR), and the Business Entity tax booklets.

The instructions provided with California tax forms are a summary of California tax law and are only intended to aid taxpayers in preparing their state income tax returns. We include information that is most useful to the greatest number of taxpayers in the limited space available. It is not possible to include all requirements of the California Revenue and Taxation Code (R&TC) in the tax booklets. Taxpayers should not consider the tax booklets as authoritative law.

## 2007 Tax Law Changes/What's New

**Registered Domestic Partners (RDP)** – Effective for taxable years beginning on or after January 1, 2007, RDPs under California law must file their California income tax returns using either the married/RDP filing jointly or married/RDP filing separately filing status. RDPs will have the same legal benefits, protections, and responsibilities as married couples unless otherwise specified.

If you are a domestic partner who has registered with the California Secretary of State, effective for taxable years beginning on or after January 1, 2007, you must file a California nonresident income tax return using either the married/RDP filing jointly or married/RDP filing separately filing status.

If you entered into in a same sex legal union in another state, other than a marriage, and that union has been determined to be substantially equivalent to a California registered domestic partnership, effective for taxable years beginning on or after January 1, 2007, you are required to file a California nonresident income tax return using either the married/RDP filing jointly or married/RDP filing separately filing status. For more information on what states have legal unions that are considered substantially equivalent, go to our Website at [www.ftb.ca.gov](http://www.ftb.ca.gov) and search for **RDP**.

For purposes of California income tax, references to a spouse, a husband, or a wife also refer to a California Registered Domestic Partner (RDP), unless otherwise specified. When we use the initials (RDP) they refer to both a California Registered Domestic "Partner" and a California Registered Domestic "Partnership," as applicable. For more information on RDPs, get FTB Pub. 737, Tax Information for Registered Domestic Partners.

**Round Cents to Dollars** – Beginning with the 2007 tax forms, round cents to the nearest whole dollar. For example, round \$50.50 up to \$51 or round \$25.49 down to \$25. If you do not round, FTB will disregard the cents. This change helps process your returns quickly and accurately.

**Conformity** – For updates regarding the following federal act, go to our Website at [www.ftb.ca.gov](http://www.ftb.ca.gov) and search for **conformity**.

- Small Business and Work Opportunity Tax Act of 2007
- Mortgage Forgiveness Debt Relief Act of 2007

**Pending State Legislation** – There is pending legislation that if enacted will provide full or partial conformity to Section 2 of the Mortgage Forgiveness Debt Relief Act of 2007. Assembly Bill 1918, as introduced, provides full conformity and Senate Bill 1055, as introduced, provides modified conformity.

**Direct Deposit Refund** – You can request a direct deposit refund on your tax return whether you e-file or file a paper return. Please be sure to fill in the routing and account numbers carefully and double-check the numbers for accuracy to avoid it being rejected by your bank.

## IRC 409A Additional Taxes for Discounted Stock Options and Stock

**Appreciation Rights** – For those employees who exercised certain discounted stock options or stock appreciation rights in 2006 and whose employer participated in the Franchise Tax Board's 2007 Compliance Resolution Program described in FTB Notice 2007-1 and paid the additional IRC section 409A taxes on behalf of their employees, the additional taxes paid by the employer should be included as compensation in the employee's 2007 Form W-2.

**El Dorado and Southern California Wildfires** – For tax treatment information for victims of the wildfires that occurred in El Dorado, Santa Barbara, Ventura, Los Angeles, San Bernardino, Orange, Riverside, and San Diego counties, get FTB Pub. 1034, How to Claim a State Tax Deduction for Your Disaster Loss.

**January 2007, Freezing Conditions** – For tax treatment information for victims of the January 2007, freeze that occurred in El Dorado, Fresno, Imperial, Kern, Kings, Madera, Merced, Monterey, Riverside, San Bernardino, San Diego, San Luis Obispo, Santa Barbara, Santa Clara, Stanislaus, Tulare, Ventura, and Yuba counties, get FTB Pub. 1034, How to Claim a State Tax Deduction for Your Disaster Loss.

**Teacher Retention Credit** – For taxable years beginning on or after January 1, 2007, the Teacher Retention Credit has been repealed.

**My FTB Account** – Make tax time less taxing! Check My FTB Account for information about your estimated tax payments, FTB issued 1099-Gs, 1099-INTs, California wage and withholding data and more! Go to our Website at [www.ftb.ca.gov](http://www.ftb.ca.gov) and search for **My Account**.

## Other Important Information

**Heroes Earned Retirement Opportunities Act** – California conforms to the Federal Heroes Earned Retirement Opportunities Act that allows members of the Armed Forces serving in a combat zone to make contributions to their individual retirement plans even if the compensation on which such contribution is based is excluded from gross income.

**Withholding on California Real Estate** – For transactions occurring on or after January 1, 2007, that require withholding, a seller of California real estate may elect an alternative to withholding 3 1/3 percent of the total sales price. The seller may elect an alternative withholding amount based on the maximum tax rate for individuals, corporations, or banks and financial corporations, as applied to the gain on the sale. The seller is required to certify under penalty of perjury the alternative withholding amount to the Franchise Tax Board. For real estate installment sales, if a buyer receives seller's certification as to an alternative withholding election, the buyer would be required to withhold either the full alternative withholding amount at the time of sale or an alternative withholding percentage on the amount of each installment payment.

**Tax Shelter** – If the individual was involved in a reportable transaction, including a listed transaction, the individual may have a disclosure requirement. Attach the federal Form 8886, Reportable Transaction Disclosure Statement, to the back of the California return along with any other supporting schedules. If this is the first time the reportable transaction is disclosed on the return, send a duplicate copy of the federal Form 8886, Reportable Transaction Disclosure Statement, to the address below. The FTB may impose penalties if the individual fails to file federal Form 8886, or any other required information.

ATSU 398 MS F385  
FRANCHISE TAX BOARD  
PO BOX 1673  
SACRAMENTO CA 95812-9900

For more information, go to our Website at [www.ftb.ca.gov](http://www.ftb.ca.gov) and search for **tax shelters**.

# Instructions for Short Form 540NR California Nonresident or Part-Year Resident Income Tax Return

References in these instructions are to the Internal Revenue Code (IRC) as of **January 1, 2005**, and the California Revenue and Taxation Code (R&TC).

## Before You Begin

Complete your federal income tax return (Form 1040, Form 1040A, Form 1040EZ, Form 1040NR, or Form 1040NR-EZ) before you begin your Short Form 540NR. You will use information from your federal income tax return to complete your Short Form 540NR. Complete and mail Short Form 540NR by April 15, 2008. If unable to mail your return by the due date, see page 2 for information.

To get forms and publications referred to in these instructions, go to our Website at [www.ftb.ca.gov](http://www.ftb.ca.gov) or see "Where To Get Income Tax Forms and Publications" on page 58.



**Tip** You may qualify for the federal earned income tax credit. See page 2 for more information. No comparable state credit exists.

## Name(s) and Address

Is there a label with your name and address on the front of your booklet?

**Yes** Attach the label to your completed return. Verify your label is correct. Cross out any errors and print the correct information on the label.

**No** Print your first name, middle initial, last name, and address in the spaces provided at the top of Short Form 540NR.

### Private Mail Box

Include the Private Mail Box (PMB) in the address field. Write the acronym "PMB" first, then the box number. Example: 111 Main Street PMB 123.

### Foreign Address

Enter the information in the following order: City, Country, Province/Region, and Postal Code. Follow the country's practice for entering the postal code. **Do not** abbreviate the country name.

### Prior Name

If you filed your 2006 tax return under a different name, write the last name **only** from the 2006 return.

## Social Security Number (SSN) or Individual Taxpayer Identification Number (ITIN)

Enter your SSNs in the spaces provided. To protect your privacy, your SSN is not printed on your label. If you file a joint return, enter the SSNs in the same order as the names.

If you do not have a SSN because you are a nonresident or a resident alien for federal tax purposes, and the IRS issued you an ITIN, enter the ITIN in the space provided for the SSN.

An ITIN is a tax processing number issued by the IRS to foreign nationals and others who have a federal tax filing requirement and do not qualify for a SSN. It is a nine-digit number that always starts with the number 9.

## Filing Status

### Line 1 through Line 5 – Filing Status

See page 3 for the requirements for each of the filing statuses. Then fill in the circle on the Short Form 540NR that applies to you. **If your filing status is married/RDP filing separately, use the Long Form 540NR.**

## Nonresident Alien

A joint return may be filed if, in the case of a nonresident alien married/RDP to a United States citizen or resident, both spouses/RDPs elect to treat the nonresident alien spouse/RDP as a resident.

## Residency

Complete the residency portion by filling in all circles that apply to you and your spouse/RDP, and provide the applicable information.

"Domicile" is the place where you voluntarily establish yourself and your family, not merely for a special or limited purpose, but with a present intention of making it your true, fixed, permanent home and principal establishment. It is the place where, whenever you are absent or away, you intend to return. Get FTB Pub. 1031, Guidelines for Determining Resident Status, for more information. See "Where To Get Income Tax Forms and Publications" on page 58.

## Exemptions

**Caution:** If you or your spouse/RDP are 65 or older, use the Long Form 540NR.

### Line 6 – Can be Claimed as Dependent?

Completely fill in the circle on line 6 if someone else can claim you as a dependent on his or her tax return, even if he or she chooses not to.

### Line 7 – Personal Exemptions

Did you fill in the circle on line 6?

**No** Follow the instructions on Short Form 540NR, line 7.

**Yes** Ignore the instructions on Short Form 540NR, line 7. Instead, enter the amount shown below for your filing status:

- Single, enter -0-.
- Head of household, enter -0-.
- Married/RDP filing jointly and both you and your spouse/RDP can be claimed as dependents, enter -0-.
- Married/RDP filing jointly and only one spouse/RDP can be claimed as a dependent, enter 1.

Do not claim this credit if someone else can claim you as a dependent on his or her return.

### Line 8 – Blind Exemptions

The first year you claim this exemption credit, attach a doctor's statement to the back of Short Form 540NR indicating that you or your spouse/RDP is visually impaired. Visually impaired means not capable of seeing better than 20/200 while wearing glasses or contact lenses, or if your field of vision is not more than 20 degrees.

An individual who is someone else's dependent may not claim this credit.

### Line 10 – Dependent Exemptions

To claim an exemption credit for each of your dependents, write each dependent's name and relationship to you in the space provided. The persons you list as dependents must be the same persons you listed as dependents on your federal income tax return. Count the number of dependents listed and enter the total in the box on line 10. Multiply the number you entered by the pre-printed dollar amount and enter the result.

If you are claiming more than three dependents attach a separate schedule. If you are claiming more than five dependents, use Long Form 540NR.

### Line 11 – Total Exemptions

Add line 7 through line 10 and enter the total amount of all exemptions – personal, blind, and dependent.

## Taxable Income

Refer to your completed federal income tax return to complete this section. If your total income is more than \$100,000, you cannot file this form. File the Long Form 540NR.

### Line 12 – Total California Wages

Enter the total amount of your California wages from your Form(s) W-2 or CA Sch W-2. This amount is reported in box 16 of Form W-2 or CA Sch W-2, line 3.

### Line 14 – California Adjustments To Income

California does not tax unemployment compensation or Paid Family Leave benefits. Enter the unemployment compensation or Paid Family Leave benefits from federal Form(s) 1099-G. This type of income is not taxed by California and should not be included in the total for line 14. Enter the amount of any unemployment compensation or Paid Family Leave benefits shown on your federal Form 1040EZ, line 3; Form 1040A, line 13; Form 1040, line 19; or Form 1040NR, line 20.

If you have interest income from U.S. Obligations, U.S. Treasury Bills, Notes, Bonds, or other sources that is taxable for federal purposes and exempt for state purposes, you cannot file this form. File the Long Form 540NR.

### Military Pay Adjustment

Compensation for military service of a servicemember domiciled outside of California is exempt from California tax. It is excluded from adjusted gross income. If you are an active duty military servicemember domiciled outside of California, your active duty military pay is excluded from adjusted gross income.

To claim your adjustment, write "MPA" on the dotted line to the left of line 14. Add this amount to any unemployment compensation and/or Paid Family Leave benefits and enter on line 14. You will also exclude this amount from adjusted gross income on line 21. Attach a copy of your Form(s) W-2 or CA Sch W-2, reflecting your military compensation to the front of your return.

**Line 18 – California Standard Deduction**

Did you fill in the circle on line 6? If yes, use the California Standard Deduction Worksheet for Dependents on page 16 of the Long Form 540NR instructions. If no, use the standard deduction amount for your filing status.

**California Taxable Income**

e-file and you won't have to do the math. Go to our Website at [www.ftb.ca.gov](http://www.ftb.ca.gov).

**Line 20 – Tax on Total Taxable Income**

Figure the tax on the amount on line 19 (see California tax table that begins on page 29). Use the correct filing status and taxable income amount.

To automatically figure your tax or to verify your tax calculation, use our online tax calculator by going to our Website at [www.ftb.ca.gov](http://www.ftb.ca.gov) and search for **tax calculator**.

**Line 21 – California Adjusted Gross Income (If married/RDP filing jointly, each spouse/RDP reports income based on his or her residency status)**

**Full-year nonresident** – Enter your California wages from Form(s) W-2, box 16 or CA Sch W-2, line 3.

**Part-year resident** – Enter your:

- California wages from Form(s) W-2, box 16 or CA Sch W-2, line 3.
- Non-California wages received while you were a California resident from Form(s) W-2, box 16 or CA Sch W-2, line 3.
- Interest income received while you were a California resident.

**Full-year resident** – Enter your:

- California and non-California wages from all your Form(s) W-2, box 16 or CA Sch W-2, line 3.
- All of your interest income.

**Line 23 – CA Tax Rate**

In this computation, FTB rounds the tax rate to four digits after the decimal. If your computation is different, you may receive a notice due to the difference in rounding. Contact us at (800) 852-5711 if you disagree with this notice.

**Line 25 – CA Exemption Credit Percentage**

Divide the California Taxable Income (line 22c) by Total Taxable Income (line 19). This percentage does not apply to the Nonrefundable Renter's Credit, Other State Tax Credit, or credits that are conditional upon a transaction occurring wholly within California. **If more than 1, enter 1.0000.**

**Credits****Line 35 – Nonrefundable Renter's Credit**

If you paid rent on your principal California residence in 2007, you may be eligible for a credit to reduce your tax. See page 37 to find out if you qualify.

**Child and Dependent Care Credit** – You may be eligible for the California refundable child and dependent care expenses credit. If you qualify for the credit, file the Long Form 540NR. See page 20, line 47 through line 50 for more information.

**Payments****Line 43 – Income Tax Withheld**

Enter your total California income tax withheld from your Form(s) W-2, box 17 or CA Sch W-2, box 17. Attach a copy of your Form(s) W-2 or CA Sch W-2, to the front of your return.

**Contributions**

Make contributions to the funds listed on Short Form 540NR, Side 2. For a description of the funds, see page 36.

**Line 68 – Total Contributions**

Add line 58 through line 67. Enter the result on line 68. If no contributions were designated, do not enter an amount on line 68. If you show an amount on line 54, subtract the amount contributed from the amount of overpaid tax. If you show an amount on line 55, add the amount contributed to your tax due.

If you have tax due and choose to make a voluntary contribution, it will increase the amount that you owe.

**Amount You Owe****Line 69 – Amount You Owe**

If you did not enter an amount on line 68, enter the amount from line 55 on line 69. This is the amount you owe with your Short Form 540NR.

If you entered an amount on line 68, add line 55 and line 68. Otherwise, enter the amount from line 55. This is the amount you owe with your Short Form 540NR.

If you have an amount on line 54 and line 68, subtract line 68 from line 54. If line 68 is more than line 54 enter the difference on line 69.

Make your check or money order payable to the "Franchise Tax Board" for this amount, or see "Paying Your Taxes" on page 57.

To avoid a late filing penalty, file your Short Form 540NR by the due date even if unable to pay the amount you owe. Make all checks or money orders payable in U.S. dollars and drawn against a U.S. financial institution.

**Refund and Direct Deposit****Line 73 – Refund or No Amount Due**

If you did not enter an amount on line 68, enter the amount from line 54.

If you entered an amount on line 68, subtract that amount from the amount on line 54. If the result is zero or more, enter the amount on line 73. If the result is less than zero, your contributions are more than your overpaid tax available on line 54. In this case, do not enter an amount on line 73. Enter the result on line 69 and see the instructions for line 69.

**Line 74 and Line 75 – Direct Deposit of Refund**

Direct deposit is fast, safe, and convenient. To have your refund directly deposited into your bank account, fill in the account information on Short Form 540NR, Side 2, line 74 and line 75. Fill in the routing and account numbers and indicate the account type. Verify routing and account numbers with your financial institution. Do not attach a voided check or deposit slip. See the illustration below.

Individual taxpayers may request that his or her refund be electronically deposited into more than one checking or savings account. This allows more options for managing your refund. For example, you can request part of your refund go to your checking account to use now and the rest to your savings account to save for later.

The routing number must be nine digits. The first two digits must be 01 through 12 or 21 through 32. On the sample check, the routing number is 250250025. The account number can be up to 17 characters and can include numbers and letters. Include hyphens, but omit spaces and special symbols. On the sample check, the account number is 202020.

Check the appropriate box for the type of account. Do not check more than one box for each line.

Enter the portion of your refund you want directly deposited into each account. Each deposit must be at least \$1. The total of line 74 and line 75 must equal the total amount of your refund (line 73). If line 74 and line 75 do not equal line 73, the Franchise Tax Board will issue a paper check.

**Caution:** Check with your financial institution to make sure your deposit will be accepted and to get the correct routing and account numbers. The Franchise Tax Board is not responsible for a lost refund due to incorrect account information entered by you or your representative.

Some financial institutions will not allow a joint refund to be deposited to an individual account. If the direct deposit is rejected, the Franchise Tax Board will issue a paper check.

The illustration shows a check from John Doe and Mary Doe, 1234 Main Street, Anytown, CA 99999. The check is payable to ANYTOWN BANK, Anytown, CA 99999. The routing number is 250250025 and the account number is 202020. The check number is 1234. A box indicates "Do not include the check number".

**Sign Your Return**

Sign your return in the designated space on Side 2. If you file a joint return, your spouse/RDP must sign the return also.

**Joint Return.** If you file a joint return, both you and your spouse/RDP are generally responsible for the tax and any interest or penalties due on the return. If one spouse/RDP neglects to pay the tax, the other spouse/RDP may have to pay. See Innocent Joint Filer Relief on page 7.

**Power of Attorney.** If you pay a person to prepare your return, that person signs on Side 2 and includes his or her social security number, (or PTIN) or FEIN. A paid preparer must give you two copies of your return: one to file with the Franchise Tax Board and one to keep for your records.

For information about **Power of Attorney**, go to our Website at [www.ftb.ca.gov](http://www.ftb.ca.gov).

# Voluntary Contribution Fund Descriptions

Make voluntary contributions of \$1 or more in whole dollar amounts to the funds listed below. To contribute to the California Seniors Special Fund use the instructions for code 57 below. The amount you contribute either reduces your overpaid tax or increases your tax due. You may contribute to only the funds listed and cannot change the amount you contribute after you file your return. Go to our Website at [www.ftb.ca.gov](http://www.ftb.ca.gov) and search for **voluntary contributions**.

Enter the amounts you want to contribute on the line for the fund on Side 2. Enter the total contributions on line 68.

Fund Name	Code	Description
<b>California Seniors Special Fund</b>	<b>57</b>	If you and/or your spouse/RDP are 65 years of age or older as of December 31, 2007, and claim the Senior Exemption Credit on line 9, you may make a combined total contribution of up to \$188 or \$94 per spouse/RDP. Contributions entered to this fund will be distributed to the Area Agency of Aging Councils (TACC) to provide advice on and sponsorship of Senior Citizens issues. Any excess contributions not required by TACC will be distributed to senior citizen service organizations throughout California for meals, adult day care, and transportation.
<b>Alzheimer's Disease/Related Disorders Fund</b>	<b>58</b>	Contributions will provide grants to California scientists who study Alzheimer's disease and related disorders. This research includes basic science, diagnosis, treatment, prevention, behavioral problems, and care giving. With one-half million Californians living with the disease and another 2 million providing care to a loved one with Alzheimer's, our state is in the early stages of a major public health crisis. Your contribution will ensure that Alzheimer's disease receives the attention, research, and resources it deserves.
<b>California Fund for Senior Citizens</b>	<b>59</b>	Contributions will provide support for the California Senior Legislature (CSL). The CSL are volunteers who prioritize statewide senior related legislative proposals in areas of health, housing, transportation, and community services. Any excess contributions not required by the CSL will be distributed to senior citizen service organizations throughout California.
<b>Rare and Endangered Species Preservation Program</b>	<b>60</b>	Contributions will be used to help protect and conserve California's many threatened and endangered species and the wild lands that they need to survive, for the enjoyment and benefit of you and future generations of Californians.
<b>State Children's Trust Fund for the Prevention of Child Abuse</b>	<b>61</b>	Contributions will be used to fund programs for the prevention, intervention, and treatment of child abuse and neglect.
<b>California Breast Cancer Research Fund</b>	<b>62</b>	Contributions will fund research toward preventing and curing breast cancer. Breast cancer is the most common cancer to strike women in California. It kills 4,000 California women each year. Contributions also fund research on prevention and better treatment, and keep doctors up-to-date on research progress. For more about the research your contributions support, please see our Website at <a href="http://www.cbcrp.org">www.cbcrp.org</a> . Your contribution can help make breast cancer a disease of the past.
<b>California Firefighters' Memorial Fund</b>	<b>63</b>	Contributions will be used for the repair and maintenance of the California Firefighters' Memorial on the grounds of the State Capitol, ceremonies to honor the memory of fallen firefighters and to assist surviving loved ones, and for an informational guide detailing survivor benefits to assist the spouses/RDPs and children of fallen firefighters.
<b>Emergency Food Assistance Program Fund</b>	<b>64</b>	Contributions will be used to help local food banks feed California's hungry. Your contribution will fund the purchase of much-needed food for delivery to food banks, pantries, and soup kitchens throughout the state. The State Department of Social Services will monitor its distribution to ensure the food is given to those most in need.
<b>California Peace Officer Memorial Foundation Fund</b>	<b>65</b>	Contributions will be used to preserve the memory of California's fallen peace officers and assist the families they left behind. Since statehood, over 1,300 courageous California peace officers have made the ultimate sacrifice while protecting law-abiding citizens. The non-profit charitable organization, California Peace Officers' Memorial Foundation, has accepted the privilege and responsibility of maintaining a memorial for fallen officers on the State Capitol grounds. Each May, the Memorial Foundation conducts a dignified ceremony honoring fallen officers and their surviving families by offering moral support, crisis counseling, and financial support that includes academic scholarships for the children of those officers who have made the supreme sacrifice. On behalf of all of us and the law-abiding citizens of California, thank you for your participation.
<b>California Military Family Relief Fund</b>	<b>66</b>	Contributions will be used to provide financial aid grants to members of the California National Guard who are California residents, and have been called to active duty.
<b>California Sea Otter Fund</b>	<b>67</b>	The California Coastal Conservancy and the Department of Fish and Game will each be allocated 50% of the contributions. The California Coastal Conservancy will use the contributions for research and programs related to the near-shore ecosystem, including sea otters. The Department of Fish and Game will use the contributions to establish a sea otter fund within the department's index coding system for increased investigation, prevention, and enforcement action.



# Nonrefundable Renter's Credit Qualification Record



e-file and skip this page! The software you use to e-file will help you find out if you qualify for this credit and will figure the correct amount of the credit automatically. Go to **www.ftb.ca.gov**.

If you were a resident of California for at least six months in 2007 and paid rent on property in California, which was your principal residence, you may qualify for a credit that you can use to reduce your tax. Answer the questions below to see if you qualify. For purposes of California income tax, references to a spouse, a husband, or a wife also refer to a California Registered Domestic Partner (RDP), unless otherwise specified. When we use the initials (RDP) they refer to both a California Registered Domestic "Partner" and a California Registered Domestic "Partnership," as applicable. For more information on RDPs, get FTB Pub. 737, Tax Information for Registered Domestic Partners. **Do not mail this record. Keep with your tax records.**

**1. Were you a resident of California for at least six full months of the tax year in 2007?**

Military personnel. If you are not a legal resident of California, you do not qualify for this credit. Your spouse/RDP may claim up to a maximum of \$60 if he or she was a resident, did not live in military housing during 2007, and is otherwise qualified.

**YES.** Go to question 2.

**NO.** Stop. You do not qualify for this credit.

**2. Is your adjusted gross income from all sources on your Long or Short 540NR, line 17:**

- \$33,272 or less if single or married/RDP filing separately
- \$66,544 or less if married/RDP filing jointly, head of household, or qualifying widow(er)?

**YES.** Go to question 3.

**NO.** Stop here. You do not qualify for this credit.

**3. Did you pay rent, for at least half of 2007, on property (including a mobile home that you owned on rented land) in California, which was your principal residence?**

**YES.** Go to question 4.

**NO.** Stop here. You do not qualify for this credit.

**4. Can you be claimed as a dependent by a parent, foster parent, legal guardian, or any other person in 2007?**

**NO.** Go to question 6.

**YES.** Go to question 5.

**5. For more than half the year in 2007, did you live in the home of the person who can claim you as a dependent?**

**NO.** Go to question 6.

**YES.** Stop here. You do not qualify for this credit.

**6. Was the property you rented exempt from property tax in 2007?**

You do not qualify for this credit if, for more than half of the year, you rented property that was exempt from property taxes. Exempt property includes most government-owned buildings, church-owned parsonages, college dormitories, and military barracks. However, if you or your landlord paid possessory interest taxes for the property you rented, then you may claim this credit.

**NO.** Go to question 7.

**YES.** Stop here. You do not qualify for this credit.

**7. Did you claim the homeowner's property tax exemption anytime during 2007?**

You do not qualify for this credit if you or your spouse/RDP received a homeowner's property tax exemption at any time during the year. However, if you lived apart from your spouse/RDP for the entire year and your spouse/RDP received a homeowner's property tax exemption for a separate residence, then you may claim this credit if you are otherwise qualified.

**NO.** Go to question 8.

**YES.** Stop here. You do not qualify for this credit.

**8. Were you single in 2007?**

**YES.** Go to question 11.

**NO.** Go to question 9.

**9. Did your spouse/RDP claim the homeowner's property tax exemption anytime during 2007?**

You do not qualify for this credit if you or your spouse/RDP received a homeowner's property tax exemption at any time during the year. However, if you lived apart from your spouse/RDP for the entire year and your spouse/RDP received a homeowner's property tax exemption for a separate residence, then you may claim this credit if you are otherwise qualified.

**NO.** Go to question 11.

**YES.** Go to question 10.

**10. Did you and your spouse/RDP maintain separate residences for the entire year in 2007?**

**YES.** Go to question 11.

**NO.** Stop here. You do not qualify for this credit.

**11. Use the following chart to find the amount of your credit based on the number of full months you were a resident of and rented property in California in 2007. Enter the amount on the line below. If married/RDP filing jointly and one spouse/RDP claimed the homeowner's property tax exemption, enter half of the amount listed on the chart for married/RDP filing jointly on the line below. Follow the instructions next to the chart.**

Number of months							
	6	7	8	9	10	11	12
Single or married/RDP filing separately	\$30	\$35	\$40	\$45	\$50	\$55	\$60
Married/RDP filing jointly, head of household or qualifying widow(er)	\$60	\$70	\$80	\$90	\$100	\$110	File Form 540

\$ \_\_\_\_\_

**If this credit is the only special credit you are claiming,** enter the amount on your Long or Short Form 540NR, line 35.

**If you are a Long Form 540NR filer and are claiming additional special credits in addition to this credit,** go to the instructions on page 19 for Long Form 540NR.

Street Address

City, State, and ZIP Code

Dates Rented in 2007 (From \_\_\_\_\_ to \_\_\_\_\_)

a \_\_\_\_\_

b \_\_\_\_\_

Enter the name, address, and telephone number of your landlord(s) or the person(s) to whom you paid rent for the residence(s) listed above.

Name

Street Address

City, State, ZIP Code, and Telephone Number

a \_\_\_\_\_

b \_\_\_\_\_